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Review of the efficiency of the administrative and financial functioning of the United Nations

Outsourcing practices

Report of the Secretary-General**

Summary

By its resolution 54/256 of 7 April 2000, the General Assembly requested the Secretary-General to define, in a more detailed way and with justification, the criteria for decisions on which activities and services should or should not be outsourced. The Secretary-General has reviewed his previous report on outsourcing (A/53/818) and has established guidelines, contained in the present report, to serve as criteria for programme managers on activities that may be considered for outsourcing.

* A/55/150 and Corr.1 and 2.
** The delay was due to internal consultations.

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1. In the view of the Secretary-General, there are four specific criteria to be satisfied in the assessment of whether or not an activity of the Organization could be fully or even partially outsourced. These are: (a) cost-effectiveness and efficiency; (b) safety and security; (c) maintaining the international character of the Organization; and (d) maintaining the integrity of procurement procedures and process.

(a) *Cost-effectiveness and efficiency*. This is considered to be the most basic criteria. Unless it can be adequately demonstrated that an activity can be done significantly more economically and, at the very least, equally efficiently, by an external party, outsourcing may not be considered;

(b) *Safety and security*. Given the frequent presence of dignitaries on the premises, safety and security is another major consideration. Activities that could compromise the safety and security of delegations, staff and visitors may not be considered for oursourcing;

(c) *Maintaining the international character of the Organization*. Although contract personnel are not considered as staff members, and do not therefore feature in the geographical configuration of United Nations personnel, public perception of the Organization as an international body must be taken into consideration. This is especially important for activities that serve the public, are highly visual or are representational in nature. However, this does not mean that all such activities cannot or should not be considered for outsourcing by this criterion alone, as commercial contractors are also able to provide personnel of many nationalities, if required. Outsourcing may, therefore, be considered for activities where the international character of the Organization, or the public perception thereof, is not compromised;

(d) *Maintaining the integrity of procedures and process*. Outsourcing may not be considered if it will result in any breach of established procedures and process. For instance, the design of specifications should not be outsourced to any individual or company that will be a party to the supply of the goods or service for which those specifications are intended.

2. The four criteria stated above must be considered when evaluating whether or not an activity is suitable for outsourcing. The activity may be outsourced only if the assessment reveals that all four criteria are met and the practice is in the overall interest of the Organization.